

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4000-01  
Bill No.: SB 1118  
Subject: Taxation and Revenue - Sales and Use; Cooperatives  
Type: Original  
Date: February 11, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials of the **Department of Revenue (DOR)** assume this legislation adds an exemption to Section 144.303, RSMo allowing new generation cooperatives (formed pursuant to Chapter 274 or incorporated pursuant to Chapter 357) to be exempt from sales tax when purchasing natural gas. DOR assumes this proposal would not fiscally impact their agency.

Officials of the **Office of Administration, Budget and Planning (BAP)** assume this bill would provide a sales tax exemption for natural gas used by eligible new generation cooperatives as defined in Section 348.432, RSMo. The proposal would negatively impact the General Revenue Fund. BAP has no empirical basis for estimating the fiscal impact and thus defers to the Department of Agriculture for an estimate. This proposal would have no impact on BAP.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would exempt natural gas used by eligible new generation cooperatives as defined in Section 348.432, RSMo from certain provisions of the local sales and use tax law. Although the amount of natural gas used by eligible new generation cooperatives is unknown, DNR does not believe it to be significant. DNR assumes the proposal would result in decreased revenue to the Parks and Soils Sales Tax Fund. DNR further assumes the Department of Revenue or the Department of Agriculture would provide the revenue projections.

ASSUMPTION (continued)

Officials from the **Department of Agriculture** did not respond to our fiscal note request.

**Oversight** assumes this proposal would potentially decrease revenue as eligible new generation cooperatives will be allowed an exemption from sales tax on natural gas purchases. The amount is unknown. **Oversight** will reflect the revenue loss for this proposal as a negative unknown for each year.

**This proposal could decrease Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**GENERAL REVENUE FUND**

Loss - General Revenue

Sales tax exemption for natural gas used by eligible new generation coops.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUNDS**

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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**OTHER STATE FUNDS**

Loss - Other State Funds

Sales tax exemption for natural gas used by eligible new generation coops.			
School District Trust Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Conservation Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Parks and Soil Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**ESTIMATED NET EFFECT ON  
OTHER STATE FUNDS**

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

Loss to Political Subdivisions

Sales tax exemption for natural gas used  
by eligible new generation coops.

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**

**(UNKNOWN)**

**(UNKNOWN)**

**(UNKNOWN)**

FISCAL IMPACT - Small Business

Only new generation cooperatives would be expected to be impacted as a result of this proposal.

DESCRIPTION

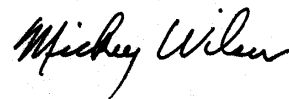
This proposal establishes an exemption from state and local sales and use taxes for natural gas used by an eligible new generation cooperative, as defined in Section 348.432, RSMo.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
Budget and Planning  
Department of Natural Resources

NOT RESPONDING: Department of Agriculture



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